

BUSINESS MEETING
BEFORE THE
CALIFORNIA ENERGY RESOURCES CONSERVATION
AND DEVELOPMENT COMMISSION

CALIFORNIA ENERGY COMMISSION
HEARING ROOM A
1516 NINTH STREET
SACRAMENTO, CALIFORNIA

WEDNESDAY, MARCH 3, 2004
10:03 a.m.

Reported by

Peter Petty

Contract No. 150-01-006

PETERS SHORTHAND REPORTING CORPORATION (916) 362-2345

COMMISSION MEMBERS PRESENT

William J. Keese, Chairman

Arthur Rosenfeld, Commissioner

James D. Boyd, Commissioner

John L. Geesman, Commissioner

B.B. Blevins, Commissioner

STAFF PRESENT

Bob Therkelsen, Executive Director

William Chamberlain, Chief Counsel

Margret Kim, Public Advisor

Betty McCann, Secretariat

Michael Martin

Donald Kazama

Suzanne Korosec

Rasa Keanini

David Chambers

Paul Roggensack

Chris Scruton

Gary Klien

Nancy Jenkins

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b. Felderstein Fitzgerald Willoughby & Pascuzzi LLP.	
c. Flexenergy, Inc.	
d. Department of Energy (DOE), Lawrence Livermore National Laboratory (LLNL).	
e. Conservation International (CI).	
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P R O C E E D I N G S

10:01 a.m.

COMMISSIONER KEESE: I call this meeting of the California Energy Commission to order. Commissioner Geesman, would you lead the Pledge of Allegiance please?

COMMISSIONER GEESMAN: Yes.

(Whereupon the Pledge of Allegiance was recited in unison.)

COMMISSIONER KEESE: Good morning. We have before us the consent calendar with Item A removed. So I would like a motion on the consent calendar, Items B, C, D, and E?

COMMISSIONER ROSENFELD: I move the consent calendar.

(Thereupon, the motion was made.)

COMMISSIONER KEESE: Motion, Rosenfeld.

COMMISSIONER GEESMAN: Second.

(Thereupon, the motion was seconded.)

COMMISSIONER KEESE: Second, Geesman.

All in favor?

(Ayes.)

Opposed? Adopted five to nothing.

Item Two, a petition on commercial clothes washer standards. We're dealing with the

1 acceptance or rejection of a petition from
2 Governmental Advocates, Inc. on behalf of the
3 California Multi-Housing Laundry Association to
4 initiate a rulemaking regarding the appliance
5 efficiency standards for commercial clothes
6 washers. Mr. Martin?

7 MR. MARTIN: In January 2001, the U.S.
8 Department of Energy adopted energy efficiency
9 standards for residential clothes washers. In
10 February 2002 the California Energy Commission
11 adopted standards for commercial clothes washers.
12 The standards consisted of a modified energy
13 factor standard to take effect on January 1, 2005,
14 and a water factor standard to take effect on
15 January 1, 2007.

16 Four weeks ago the Commission adopted
17 water factor standards for residential clothes
18 washers to take effect on January 1st, 2007, and
19 January 1st, 2010. The standards for residential
20 clothes washers are subject to federal pre-
21 emptation. The standards for commercial clothes
22 washers are not.

23 On February 6, 2004 the Commercial
24 Multi-Housing Laundry Association, CMLA, filed a
25 petition to appeal the regulations for commercial

1 clothes washers adopted by the Commission in
2 February 2002.

3 The staff recommends that the Commission
4 grant the petition. Granting a petition does not
5 mean granting the substantive relief requested by
6 the petitioner, it merely means that the
7 Commission undertakes a rulemaking proceeding to
8 consider taking the requested action.

9 However, the Commission already has an
10 ongoing appliance rulemaking underway, and it
11 would not be efficient to create a separate
12 proceeding to consider commercial clothes washers.
13 Therefore, staff suggests that the issues raised
14 by CLMA petition be considered in docket number
15 03-AAER-1, under the direction of the Efficiency
16 Committee. Thank you.

17 COMMISSIONER KEESE: Thank you, Mr.
18 Martin. Any questions up here? Let's see, to
19 accept the petition and roll it into the general
20 appliance rulemaking. Mr. Rosenfeld?

21 COMMISSIONER ROSENFELD: I move that we
22 do just what you say, accept the petition and roll
23 it into the rulemaking.

24 (Thereupon, the motion was made.)

25 COMMISSIONER KEESE: Motion,

1 Commissioner Rosenfeld.

2 COMMISSIONER BLEVINS: Second.

3 (Thereupon, the motion was seconded.)

4 COMMISSIONER KEESE: Second, Mr.

5 Blevins. Is there any public comment on this
6 item? Seeing none,

7 All in favor?

8 (Ayes.)

9 Opposed? Adopted five to nothing.

10 Thank you. Item 3. The Merced County
11 Association of Governments possible approval of a
12 \$93,210 loan from the Local Jurisdiction Account
13 for the installation of a 35-kilowatt photovoltaic
14 generating system.

15 MR. KAZAMA: Good morning, Mr. Chairman,
16 I'm Don Kazama of the Energy Efficiency Demand
17 Analysis Division, and good morning also to the
18 Commissioners.

19 The Merced County Association of
20 Governments is a Joint Powers Authority, and they
21 have applied for a loan from the Energy
22 Commission's Local Jurisdiction Account for
23 \$93,210 to pay for a portion of the cost of
24 installing a 35 kilowatt photovoltaic generating
25 station at their administrative office building.

1 This system is expected to offset most
2 of their annual electricity usage. The total
3 system cost is \$289,058. PG&E will be providing a
4 rebate of \$144,529 for this installation, and the
5 Merced County Association of Governments will
6 self-fund the \$51,319 difference.

7 It's expected that the PV system will
8 save the Merced County Association of Governments
9 \$9,321 annually in electricity costs, and this
10 results in a simple payback of ten years on the
11 amount that we will be loaning.

12 The Energy Efficiency Committee has
13 already pre-approved this loan, and we are
14 requesting this morning that the Commission ratify
15 it.

16 COMMISSIONER KEESE: Thank you. And
17 this is before us.

18 COMMISSIONER BOYD: Move adoption.

19 (Thereupon, the motion was made.)

20 COMMISSIONER ROSENFELD: Second.

21 (Thereupon, the motion was seconded.)

22 COMMISSIONER KEESE: Motion,
23 Commissioner Boyd, second Commissioner Rosenfeld.
24 Discussion?

25 All in favor?

1 (Ayes.)

2 Opposed? Adopted five to nothing.

3 Thank you.

4 Item four, city of Woodland, possible
5 approval of a \$2,150,000 loan to the city of
6 Woodland from the Energy Conservation Assistance
7 Act, Account Bond Fund for energy efficient HVAC,
8 control system upgrade, municipal well pump
9 upgrades and cool roof installation. Mr. Kazama?

10 MR. KAZAMA: Again, for the record, I'm
11 Don Kazama of the Energy Efficiency and Demand
12 Analysis Division. And this item will consist of
13 first, a summary of the city of Woodland's loan
14 request, and followed by an update on the
15 Commission's loan fund status, as requested by
16 Executive Director Therkelsen.

17 The city of Woodland applied for a loan
18 from the Energy Commission's Energy Conservation
19 Assistance Act Bond Fund in the amount of \$2.15
20 million, to replace or upgrade some of their
21 energy-consuming equipment in city facilities.

22 Old, inefficient HVAC units will be
23 replaced with new, efficient models, and the
24 existing, non-functioning control system will be
25 rehabilitated and recommissioned to ensure that

1 all the HVAC units and lighting systems in the
2 city buildings are operating only when they need
3 to be.

4 Fifty year old pump motors and impellers
5 under municipal water supply systems will be
6 changed to reduce pumping power and to save money.

7 And lastly, as part of the deferred
8 maintenance re-roofing project, cool roof
9 membranes will be installed in five city buildings
10 to reduce air conditioning loads and to improve
11 the comfort of occupants.

12 These projects are expected to save the
13 city of Woodland \$254,041 each year in electricity
14 costs. This results in a simple payback of the
15 project of 8.5 years. And again, the Efficiency
16 Committee has pre-approved this loan, and we are
17 seeking ratification by the full Commission this
18 morning.

19 COMMISSIONER KEESE: Thank you. Were
20 you going to -- do you wish to, why don't we take
21 a vote on this one. Do we have a motion?

22 COMMISSIONER ROSENFELD: Move to adopt.
23 (Thereupon, the motion was made.)

24 COMMISSIONER KEESE: Motion,
25 Commissioner Rosenfeld.

1 COMMISSIONER GEESMAN: Second.

2 (Thereupon, the motion was seconded.)

3 COMMISSIONER KEESE: Second,

4 Commissioner Geesman.

5 All in favor?

6 (Ayes.)

7 Opposed? Adopted five to nothing. Mr.

8 Kazama, can you tell us the balance of the fund?

9 MR. KAZAMA: The balance -- we have
10 three funds that we draw from. The ECAA Bond Fund
11 balance, after the March 17th meeting, will be
12 zero. We'll have drawn it all down. And this
13 Bond Fund supported projects in the loan with an
14 average of a million dollars apiece since it
15 started.

16 The regular ECAA account balance after
17 today will be \$3.7 million. There are two loans
18 coming forward on March 17th that will draw this
19 balance down to \$3.17 million.

20 And lastly, the Local Jurisdiction
21 Account, after today's Business Meeting, the
22 balance remains at \$2.9 million.

23 COMMISSIONER KEESE: Thank you. We
24 adopted that five to nothing, so we'll go on to
25 the next issue.

1 Item five, new renewable resources
2 account. Possible approval of conditional awards
3 from the auction of September 2001. The following
4 projects have met the requirement and submitted
5 the necessary documentation to the Commission.

6 MS. KOROSEC: Good morning,
7 Commissioners. I'm Suzanne Korosec, I manage the
8 New Renewable Resources Account within the
9 Commission's Renewable Energy Program.

10 The two projects in this item
11 participated in the September 2001 auction to
12 award incentives to new renewable generating
13 facilities. Under the rules of that auction
14 projects had to have all of their environmental
15 permits in place before the Commission would sign
16 the formal funding award agreement.

17 In addition, the projects have to come
18 online before they receive any incentive funding
19 from the program. Both of these projects have met
20 those criteria, and the Renewables Committee
21 therefore ask that you approve and sign the
22 funding award agreements for the two projects.

23 COMMISSIONER KEESE: Thank you. Any
24 questions?

25 COMMISSIONER GEESMAN: Mr. Chairman, I

1 move to adopt the Item.

2 (Thereupon, the motion was made.)

3 COMMISSIONER KEESE: Motion,
4 Commissioner Geesman.

5 COMMISSIONER BOYD: Second.

6 (Thereupon, the motion was seconded.)

7 COMMISSIONER KEESE: Second,
8 Commissioner Boyd.

9 All in favor?

10 (Ayes.)

11 Opposed? Adopted five to nothing.

12 MS. KOROSSEC: Thank you.

13 COMMISSIONER KEESE: Thank you. Item
14 six, new renewable resources account. Essentially
15 the same as number five, but for the auction of
16 November 2000. Ms. Korosec?

17 MS. KOROSSEC: Yes, Mr. Chairman. As you
18 said, the only difference in this is that it's a
19 different auction. However, the rules remain the
20 same, and the Wintec Project has met all of its
21 environmental permits and is online, and the
22 Committee asks that you approve the funding award
23 agreements for the project.

24 COMMISSIONER KEESE: Thank you.

25 COMMISSIONER GEESMAN: Move to adopt.

1 (Thereupon, the motion was made.)

2 COMMISSIONER KEESE: Motion Commissioner
3 Geesman.

4 COMMISSIONER BOYD: Second.

5 (Thereupon, the motion was seconded.)

6 COMMISSIONER KEESE: Second Commissioner
7 Boyd.

8 All in favor?

9 (Ayes.)

10 Opposed? Adopted five to nothing.

11 MS. KOROSEC: Thank you.

12 COMMISSIONER KEESE: Thank you. Item
13 seven, Western Governor's Association. Possible
14 approval of Contract 500-03-032 to accept \$80,000
15 to co-fund preliminary work to comply with the
16 statutorily-required development of an accounting
17 system to verify retail sellers' compliance with
18 California's Renewable Portfolio Standard.

19 MS. KEANINI: Good morning, Chairman
20 Keese, good morning Commissioners, I'm Rasa
21 Keanini, I'm the project manager for the
22 development of the electronic accounting system to
23 track renewable energy.

24 This is actually a reimbursement
25 contract to accept \$80,000 from the Western

1 Governor's Association, who is helping to co-fund
2 the preliminary work on what we're calling the
3 Western Renewable Generation Information System,
4 this electronic accounting system.

5 And as you said, this accounting system
6 is to verify sellers' compliance with California's
7 RPS, to ensure that there's no double counting.

8 COMMISSIONER KEESE: Thank you. And the
9 Commissioners should be familiar with this. This
10 was referred to as WREGIS yesterday.

11 MS. KEANINI: Yes.

12 COMMISSIONER GEESMAN: Move the Item.

13 (Thereupon, the motion was made.)

14 COMMISSIONER KEESE: Motion,
15 Commissioner Geesman.

16 COMMISSIONER BOYD: Second.

17 (Thereupon, the motion was seconded.)

18 COMMISSIONER KEESE: Second,
19 Commissioner Boyd.

20 All in favor?

21 (Ayes.)

22 Opposed? Adopted five to nothing. Good
23 luck, I know we've been working on this for some
24 time. I hope we can go forward.

25 MS. KEANINI: Thank you.

1 COMMISSIONER BOYD: It's good to get
2 money.

3 COMMISSIONER KEESE: As Commissioner
4 Boyd tells us, it's good to get money.
5 (laughter)

6 Item eight, Palmdale Water District.
7 Possible approval of Contract 500-03-028 for
8 \$985,666 to develop, field test and operate an
9 ultracapacitor-based electric energy storage
10 system that integrates wind, hydro and DG
11 technologies into a MicroGrid.

12 MR. CHAMBERS: Good morning,
13 Commissioner Keese, good morning Commissioners, my
14 name is David Chambers, I'm with the Public
15 Interest Energy Research Program, Energy
16 Assistance Integration Group.

17 And I'm coming before you to request the
18 approval of Contract 500-030-028 with the Palmdale
19 Water District for \$985,666 to develop, field
20 test, and operate a 450 kilowatt ultracapacitor-
21 based electric energy storage system that
22 integrates 1.9 megawatts of wind, hydro and DG
23 technologies into a MicroGrid network.

24 The Palmdale Water District and their
25 subcontractors are all providing matching funding

1 of up to \$2,881,922 for this project. And this
2 contract was the result of a competitive
3 solicitation. And I request your approval.

4 COMMISSIONER KEESE: Okay.

5 COMMISSIONER GEESMAN: I move the Item.

6 (Thereupon, the motion was made.)

7 COMMISSIONER KEESE: Motion,

8 Commissioner Geesman.

9 COMMISSIONER ROSENFELD: Second.

10 (Thereupon, the motion was seconded.)

11 COMMISSIONER KEESE: Second Commissioner

12 Rosenfeld.

13 All in favor?

14 (Ayes.)

15 Opposed? Adopted five to nothing.

16 Item nine, ZBB Energy Corporation,

17 possible approval of Contract 500-03-031 for

18 \$1,873,133 to demonstrate the benefits of energy

19 storage for utility distribution system upgrade

20 deferral and congestion relief.

21 MR. CHAMBERS: Good morning again,

22 Commissioners. And for the record I'm with the

23 Public Energy Interest Research program and Energy

24 Assistance Integration Group.

25 I'm coming before you again for possible

1 approval of Contract 500-03-031 with ZBB Energy
2 Corporation for \$1,873,133 to demonstrate the
3 benefits of applying a zinc bromide battery energy
4 storage system for utility transmission and
5 distribution upgrade deferral and congestion
6 relief in the PG&E network.

7 ZBB Energy Corporation and their
8 subcontractors are providing matching funding of
9 \$602,698 for this project. This contract was the
10 result of a competitive solicitation, and I ask
11 for your approval.

12 COMMISSIONER KEESE: Thank you. Do we
13 have a motion?

14 COMMISSIONER GEESMAN: I'll move the
15 item.

16 (Thereupon, the motion was made.)

17 COMMISSIONER ROSENFELD: Second.

18 (Thereupon, the motion was seconded.)

19 COMMISSIONER KEESE: Motion Commissioner
20 Geesman and second Commissioner Rosenfeld.

21 All in favor?

22 (Ayes.)

23 Opposed? Adopted five to nothing.

24 These are two very interesting projects.
25 I look forward to hearing your report on their

1 success. What is the timeframe that we're --?

2 MR. CHAMBERS: These projects have an 18
3 month timeframe period of performance that we're
4 going to evaluate them. The contract starting
5 date is the first and second week of April,
6 respectively.

7 COMMISSIONER KEESE: Thank you. Item
8 ten, American Water Works Association Research
9 Foundation. Possible approval of Contract 500-03-
10 025 for \$1,000,000 to fund projects that will
11 improve the energy efficiency, increase the
12 reliability and reduce the energy costs of water
13 treatment utilities.

14 MR. ROGGENSACK: Good morning Mr.
15 Chairman and Commissioners, my name is Paul
16 Roggensack with the PIER Industrial Agriculture
17 and Water Team.

18 In August of 2002 the Commission entered
19 into a contract with the American Water Works
20 Association Research Foundation. The purpose of
21 that contract was to develop a roadmap to identify
22 and prioritize research projects that would
23 benefit the energy efficiency, the reliability,
24 and reduce the cost of electricity for water and
25 wastewater treatment facilities.

1 In February of 2003 we, the Commission,
2 and AWWARF conducted a workshop to develop the
3 roadmap. The workshop was attended by more than
4 30 industry professionals from the water and
5 wastewater industries. That roadmap identified
6 more than 40 research projects to address these
7 energy issues for utilities.

8 AWWARF is presently conducting RFP's for
9 two of the projects from that roadmap. The
10 purpose of this item is to fund an additional one
11 million to address the research projects that were
12 identified in the road map, and we ask your
13 approval for this item.

14 COMMISSIONER KEESE: Thank you. They've
15 been approved by Committee?

16 MR. ROGGENSACK: That's right.

17 COMMISSIONER ROSENFELD: Move to adopt.

18 (Thereupon, the motion was made.)

19 COMMISSIONER KEESE: Motion Commissioner
20 Rosenfeld.

21 COMMISSIONER GEESMAN: Second.

22 (Thereupon, the motion was seconded.)

23 COMMISSIONER KEESE: Second Commissioner
24 Geesman.

25 All in favor?

1 (Ayes.)

2 Opposed? Adopted five to nothing.

3 item 11, Architectural Energy

4 Corporation. Possible approval of Contract 500-

5 03-030 for \$2,935,240 to introduce new commercial

6 products based on PIER funded research.

7 MR. SCRUTON: Good morning,

8 Commissioners. I'm Chris Scruton from the PIER

9 Energy Group. At present, faults in HVAC

10 equipment usually go undetected until performance

11 is so impaired that occupants complain about their

12 comfort. Even with regular maintenance much HVAC

13 equipment is operating with subpar performance,

14 wasting tremendous amounts of energy and wearing

15 itself out in the process.

16 A number of the PIER buildings technical

17 projects have shown a great potential to reduce

18 this source of waste. They've done this by using

19 computing power to analyze performance of the AC

20 equipment, automatically identify and diagnose the

21 faults, and notify maintenance personnel.

22 Each of the major projects within this

23 contract have demonstrated potential in research

24 settings to provide significant energy benefits,

25 reduce waste, and increase the value of California

1 electrocute. But in order to provide widespread
2 benefits these products must be commercialized and
3 made available on a broad scale.

4 These projects were chosen only after
5 the researchers demonstrated that they had
6 commercial partners willing and able to market
7 products and services. To ensure their
8 commitment, these partners are making a
9 significant investment in these projects.

10 While it's impossible to absolutely
11 guarantee success in the marketplace, based on
12 independent verification of commitment and on the
13 level of interest that manufacturers have
14 expressed, there is every reason to expect that
15 these projects will lead to new and innovative
16 products entering the marketplace.

17 When available, these new products will
18 result in increase energy efficiency, more job
19 opportunities, and a better California
20 environment.

21 The R&D Committee has approved this
22 contract, and the PIER building staff recommends
23 approval.

24 COMMISSIONER KEESE: Thank you.

25 COMMISSIONER ROSENFELD: And I recommend

1 adoption.

2 (Thereupon, the motion was made.)

3 COMMISSIONER KEESE: Motion Commissioner
4 Rosenfeld.

5 COMMISSIONER GEESMAN: Second.

6 (Thereupon, the motion was seconded.)

7 COMMISSIONER KEESE: Second Commissioner
8 Geesman.

9 All in favor?

10 (Ayes.)

11 Opposed? Adopted five to nothing.

12 Thank you.

13 MR. SCRUTON: Thank you.

14 COMMISSIONER KEESE: Item 12, University
15 of California, Office of the President/CIEE.
16 Possible approval of Contract 500-02-004,
17 Amendment 2, to add \$25,000,000 and extend the
18 term of the contract to March 31, 2009.

19 MR. KLEIN: Good morning. I notice
20 that we've -- this is Gary Klein from the PIER
21 team. I'm the contract manager for this agreement
22 with the University of California. And I've been
23 here a couple of times in the last couple of years
24 requesting approval for this contract.

25 I just noticed this morning we've

1 approved about \$700,000 worth of new projects that
2 are funded under this agreement. The purpose of
3 this agreement is to fund projects that involve
4 research at the University of California,
5 California State University, and the community
6 college system. Although it's not limited to
7 those, that's the primary intent.

8 It was established to help simplify the
9 contractual relationships with the university
10 systems by providing one funding mechanism with
11 agreed to terms and conditions, including a low
12 and fixed indirect overhead rate. The agreement
13 was originally funded with \$20 million, and
14 amended last year with another \$5 million.

15 We're requesting an additional \$25
16 million now, for two primary reasons. We found it
17 a very useful agreement, and since its inception
18 we've funded \$14 million worth of separable
19 research projects, all of which has come back
20 before this body for approval.

21 We have about \$11 million remaining in
22 the contract as of the day I wrote this. That's
23 been decreased a bit since, and we have less money
24 remaining.

25 Recently the R&D Committee approved the

1 award of the management of the transmission
2 program to the University of California Office of
3 the President, these folks, and we elected to
4 initially fund the program with \$15 million.

5 So now I have a shortfall. We have
6 other parts of the PIER program having lots more
7 projects that are en route, based on programs that
8 have been approved by the Committee, and unless we
9 amend this agreement we'll run out. So the
10 purpose of this is to request agreement, and I
11 recommend approval.

12 COMMISSIONER KEESE: Thank you.

13 COMMISSIONER ROSENFELD: I recommend
14 approval.

15 (Thereupon, the motion was made.)

16 COMMISSIONER KEESE: Motion from
17 Commissioner Rosenfeld.

18 COMMISSIONER GEESMAN: I'll second the
19 motion, but I'll ask Mr. Klein, before we vote on
20 it --

21 (Thereupon, the motion was seconded.)

22 COMMISSIONER KEESE: Second by
23 Commissioner Geesman.

24 COMMISSIONER GEESMAN: -- to describe
25 our experience with the university in terms of

1 overhead rates compared to other ways of
2 administering portions of the PIER program.

3 Has their overhead been comparable, or
4 better than average, worse than average?

5 MR. KLEIN: Well, I'd say that they're
6 much better than average. Overhead means the
7 indirect overhead rates charged by the
8 organization to basically run the company, if you
9 will.

10 University of California, in this
11 contract, charges a 20 percent indirect overhead
12 rate. We have various companies across the
13 program charging us from about ten percent up to
14 indirect overheads I've seen as high as 150
15 percent. It all depends on how they do their
16 accounting. So I would say that we're getting a
17 very fair deal.

18 COMMISSIONER GEESMAN: I guess I would
19 say that -- and I'd ask Mr. Alvarez to take
20 particular note of this -- his company's comments
21 about trying to do our best to limit PIER overhead
22 exposure has motivated me to look very favorably
23 on this particular administrative structure.

24 MR. KLEIN: Thank you.

25 COMMISSIONER ROSENFELD: I'd actually

1 like to push that slightly further, because --

2 COMMISSIONER KEESE: Commissioner
3 Rosenfeld.

4 COMMISSIONER ROSENFELD: Oh, sorry.
5 When I came here, as I remember, the overhead with
6 the UCOP, we had a smaller contract, was larger,
7 and Gary and Terry Surles did a lot of hard
8 negotiation and as I remember got it down from
9 like 20 to 25 percent, and we're indebted to them
10 for that successful negotiation.

11 COMMISSIONER GEESMAN: Well, you
12 answered my question, which was going to be have
13 we negotiated a special rate in light of the
14 substantial amounts of money.

15 COMMISSIONER ROSENFELD: And the answer
16 is you betcha.

17 MR. KLEIN: By the way, the university
18 charges most customers 50ish percent on indirect
19 overheads, and we're in the 20 to 25 percent
20 range, depending on which contract we have with
21 them at this point. And that's across all
22 campuses, all parts of the institution. And
23 that's been a very fruitful discussion with UC.

24 COMMISSIONER KEESE: Thank you. We have
25 a motion and a second.

1 All in favor?

2 (Ayes.)

3 Opposed? Adopted five to nothing.

4 MR. KLEIN: Thank you.

5 COMMISSIONER KEESE: Item 13, Regents of
6 the University of California, UCOP/CIEE. Possible
7 approval of a Work Authorization MR-022 for the
8 Energy Efficient UC/CSU Campuses project, not to
9 exceed \$3,000,000.

10 MS. JENKINS: Thank you, Mr. Chairman
11 and Commissioners, my name is Nancy Jenkins, I
12 manage the Commission's PIER buildings Program.

13 I'm requesting approval for the \$3
14 million work authorization to participate in the
15 partnership with the California universities and
16 investor-owned utilities, to improve the energy
17 efficiency of college campus buildings.

18 The PIER Buildings Program is proposing
19 to join this partnership to support campus
20 building energy retrofits and commissioning
21 through the introduction of state-of-the-art
22 emerging technologies developed through the PIER
23 Program.

24 It's a win/win situation for all parties
25 involved. It provides us with a real world test

1 bed to validate promising emerging technologies.
2 It provides an opportunity for us to move PIER
3 developed technologies into the marketplace.

4 And from the CSU/UC perspective it
5 gives them an opportunity to maximize the energy
6 efficiency of campus buildings through the
7 installation these technologies so that they can
8 sustain long-term energy improvements on the
9 campuses.

10 It's also a very unique opportunity for
11 us to further ou collaborative working
12 relationships with the IOU's and other California
13 public entities to improve the energy efficiency
14 of the building stock in California. So I'm happy
15 to answer any questions you have on this project.

16 COMMISSIONER KEESE: I have one
17 question, and that is what -- are you focusing on
18 certain campuses or is this pretty broad?

19 MS. JENKINS: It's actually broad, it's
20 statewide.

21 COMMISSIONER KEESE: Thank you. Any
22 other questions?

23 COMMISSIONER ROSENFELD: I move the
24 Item.

25 (Thereupon, the motion was made.)

1 COMMISSIONER KEESE: Motion Commissioner
2 Rosenfeld.

3 COMMISSIONER GEESMAN: Second.
4 (Thereupon, the motion was seconded.)

5 COMMISSIONER KEESE: Second Commissioner
6 Geesman.

7 All in favor?

8 (Ayes.)

9 Opposed? Adopted five to nothing. Good
10 luck, that's a very good program.

11 We have Item 14, Minutes approval of the
12 Minutes from the February 18th, 2004 Business
13 Meeting.

14 COMMISSIONER BOYD: Move approval.

15 (Thereupon, the motion was made.)

16 COMMISSIONER KEESE: Motion Commissioner
17 Boyd.

18 COMMISSIONER ROSENFELD: Second.

19 (Thereupon, the motion was seconded.)

20 COMMISSIONER KEESE: Second Commissioner
21 Rosenfeld.

22 All in favor?

23 (Ayes.)

24 Opposed? Adopted five to nothing.

25 Congratulations, we caught up on our meeting

1 Minutes, and we've stayed caught up.

2 COMMISSIONER GEESMAN: And B.B. found
3 nothing wrong with them.

4 COMMISSIONER KEESE: Right. Item 15,
5 Commission Committee and Oversight.

6 COMMISSIONER BOYD: Mr. Chairman?

7 COMMISSIONER KEESE: Commissioner Boyd.

8 COMMISSIONER BOYD: As the Chair of the
9 2003 IEPR Committee, along with my Associate
10 Member, Chairman Keese, I wanted to just wave a
11 copy for the public, the huge public sitting out
12 there in the audience, of a document I was just
13 handed, which is the professionally printed
14 version of the 2003 Integrated Energy Policy
15 Report.

16 It's a very nice looking, very good
17 feeling document. We've had copies of this
18 document kicking around for some time now that
19 we've printed inhouse in limited supply, and the
20 CD-Rom found its way around the building just
21 yesterday. But this is professionally printed
22 copy on very nice quality paper that the staff has
23 gotten a production run on, that's now available
24 for the public.

25 The reason I'm mentioning it, besides

1 we're all very proud of this document, is the fact
2 that I'll commend Mr. Therkelsen and the staff for
3 squeezing the dollars real hard. They worked real
4 hard to get a bid to get this printed at an
5 extremely attractive rate for the state of
6 California and our own staff.

7 Jacque Gilbreath in particular did an
8 awful lot of work on this that saved the taxpayers
9 and us a tremendous amount of money over previous
10 bi-annual reports I'm told. So it's a very nice
11 looking product with very good graphic design done
12 by our staff, and I would --

13 COMMISSIONER ROSENFELD: So, how much
14 for a copy, Jim?

15 COMMISSIONER BOYD: You can buy it, Art,
16 for \$4 a copy. Anyway, Mr. Chairman, that's all I
17 wanted to mention. And it almost finishes our
18 responsibilities on this area.

19 COMMISSIONER KEESE: Thank you.
20 Anything else on Commission Committee and
21 Oversight? Seeing none,

22 Item 16, discussion and possible
23 approval of Committee Structure. I'll introduce
24 this structure. You have in your binder Energy
25 Commission Order number 04030316, the essential

1 nature of that is to substitute B.B. Blevins and
2 all the positions that former Commissioner Pernell
3 had in our standing committee structures.

4 Can I have a motion to that effect?

5 COMMISSIONER ROSENFELD: I'd actually
6 like to make a couple of comments.

7 COMMISSIONER KEESE: Commissioner
8 Rosenfeld.

9 COMMISSIONER ROSENFELD: I looked this
10 morning through the new matrix recommended by Bob
11 Therkelsen, and it's just fine, but I thought I
12 would make a comment. Is that in order?

13 COMMISSIONER KEESE: Do you want to
14 adjust our current committee? That's an item
15 we're going to take up --

16 COMMISSIONER ROSENFELD: Oh, I'm at the
17 wrong place. I'm ahead of myself. I'm sorry.

18 COMMISSIONER KEESE: You're ahead, this
19 is a motion not to change the committee structure,
20 but to place Mr. Blevins on the committees that
21 Commissioner Pernell formerly was on.

22 COMMISSIONER BOYD: I'll move the Item.

23 (Thereupon, the motion was made.)

24 COMMISSIONER KEESE: Motion
25 Commissioner Boyd.

1 COMMISSIONER GEESMAN: Second.

2 (Thereupon, the motion was seconded.)

3 COMMISSIONER KEESE: Second,

4 Commissioner Geesman.

5 All in favor?

6 (Ayes.)

7 Opposed? Adopted five to nothing.

8 I have one more motion that I'd like to
9 -- in the siting cases that are currently pending
10 before us, there are two positions that
11 Commissioner Pernell held. One is on Potrero,
12 that case is either stalled or dead, so I see no
13 reason particularly to do anything with that case.

14 The other case that's coming before us
15 is El Segundo, that is currently before us. The
16 El Segundo case presents issues very similar to
17 the Morro Bay case that Commissioner Boyd is on.

18 I have asked Commissioner Boyd if he
19 would be willing to join with me on the El Segundo
20 Committee, so I would seek a motion to add
21 Commissioner Boyd.

22 COMMISSIONER BOYD: This'll cost you,
23 Mr. Chairman.

24 COMMISSIONER GEESMAN: I'll make the
25 motion, Mr. Chairman. It's my understanding that

1 you will remain as the Presiding Member of the El
2 Segundo Committee?

3 COMMISSIONER KEESE: Yes, and
4 technically I guess, since we don't make that
5 change, this motion would incorporate moving me to
6 Presiding from being the second member, and
7 Commissioner Boyd to being the second.

8 COMMISSIONER GEESMAN: Thank you for
9 that clarification, Mr. Keese.

10 COMMISSIONER KEESE: And I have an order
11 in front of me, Order number 040303-16A, presented
12 to me by the Secretariat. So I would ask for a
13 motion to adopt that.

14 COMMISSIONER GEESMAN: So moved.

15 (Thereupon, the motion was made.)

16 COMMISSIONER KEESE: Motion,
17 Commissioner Geesman.

18 COMMISSIONER BLEVINS: I'll second.

19 (Thereupon, the motion was seconded.)

20 COMMISSIONER KEESE: Second,
21 Commissioner Blevins.

22 All in favor?

23 (Ayes.)

24 Opposed? Adopted five to nothing.

25 Why don't you hold off one second, and

1 we'll take up your issue, Commissioner Rosenfeld?

2 Chief Counsel's Report?

3 MR. CHAMBERLAIN: Yes, Mr. Chairman, I
4 just wanted to report to the Commission that the
5 Department of Forestry is very short on legal
6 support. They had a retirement and their one
7 staff counsel is going on a vacation, and we've
8 been asked to assist them by providing them some
9 coverage for a portion of the next six days.

10 Some of the other agencies are doing
11 this as well, and we will be making our best
12 effort to do that. In addition, --

13 MR. CHAMBERLAIN: I hope that earns us a
14 lot of points.

15 MR. CHAMBERLAIN: Well, in addition I'm
16 very pleased to announce that, after a very long
17 effort on the part of our office, the Energy
18 Commission's Legal Office has now been adjudged by
19 the Department of Personnel Administration to be
20 one of the agencies that is entitled to use the
21 Attorney Four position.

22 This is principally relating to our
23 siting work, and so I'm very pleased. I think
24 this will be good for the Commission, it's
25 obviously good for the people in my office.

1 COMMISSIONER KEESE: Thank you, Mr.
2 Chamberlain.

3 Executive Director's Report?

4 MR. THERKELSEN: Good morning,
5 Commissioners. A couple of things. First of all,
6 I'd like to note that the PIER staff have done a
7 fantastic job trying to make sure that we have a
8 zero balance by the end of the year in terms of
9 the outstanding PIER funds.

10 This has been supported -- I should say
11 encouraged -- strongly, by the Committee and the
12 Executive Office, and they've done a very good
13 job, so that at the end of the next Business
14 Meeting there will not be, there will be basically
15 a zero balance remaining in the fund for this
16 fiscal year.

17 Secondly, I'd like to make it official
18 for the record that I have asked Rosella Shapiro
19 to be the Transportation Energy Division Deputy
20 Director. Already I think that has worked out
21 well, and I look forward to her being involved in
22 the Executive Management Team at the Commission.

23 And I assume that that has made things
24 easier up on Commissioner Row for you all.
25 (laughter)

1 Third item there, as Commissioner
2 Rosenfeld mentioned, I sent to you my thoughts in
3 terms of committee structure. I didn't know if
4 you wanted to talk about that today, because I
5 assume that not all of you have had an opportunity
6 really to look at that. But if you do want to ask
7 questions, --

8 COMMISSIONER KEESE: Correct. I for one
9 have not had an opportunity to look at that
10 document yet, but Commissioner Rosenfeld has
11 comments?

12 COMMISSIONER ROSENFELD: No, we can
13 wait.

14 COMMISSIONER KEESE: Okay. We intend to
15 take this up at a future date, perhaps at the next
16 meeting.

17 COMMISSIONER ROSENFELD: That's fine.

18 COMMISSIONER KEESE: But in a
19 continuation meeting, after all the Commissioners
20 have had a chance to review this document.

21 MR. THERKELSEN: Well, you all now have
22 the benefit of my thinking, if you will. The
23 other thing that I've been asked to do by
24 Commissioner Geesman was to look into the
25 confidentiality proceedings with the PUC. I

1 basically have done the work in terms of
2 internally looking at the issues, talking to
3 staff, getting a feel for the pros and cons.

4 I would like to talk to, or am in the
5 process of talking to, about three different
6 groups or entities outside the Commission. And I
7 would beg your indulgence to let me complete that,
8 and then get my recommendation back to you on that
9 in our relationship in terms of those
10 confidentiality proceedings.

11 So if that is acceptable I will continue
12 to proceed on that issue.

13 COMMISSIONER KEESE: Thank you. And I
14 would ask if, perhaps you or Commissioner Geesman,
15 it seems to me the confidentiality -- well, it's a
16 slightly different issue, but the confidentiality
17 issues between ourselves and the ISO have also
18 been a major issue.

19 And it seems -- would you be willing to
20 include that in this discussion, or--?

21 MR. THERKELSEN: I think it is, they are
22 two different issues. One is in terms of the
23 participation of the public procurement review
24 groups. For example at the PUC. The issue at the
25 ISO is the fact that they have data that we would

1 dearly love to have and could utilize in the IEPR
2 process, and there have been some issues with our
3 being able to obtain that data.

4 So we are meeting with them and having
5 those discussions and --

6 COMMISSIONER KEESE: That's a
7 separate --?

8 MR. THERKELSEN: That's a separate
9 issue, but yes, I am pursuing that as well.

10 COMMISSIONER KEESE: Fine. Commissioner
11 Geesman?

12 COMMISSIONER GEESMAN: I strongly
13 encourage us to indulge Bob of a little bit more
14 time, particularly in terms of consulting with
15 some external stakeholders.

16 I think the question of our
17 participation of the PRG's is a vital one, but I
18 think we're much better served by a well informed
19 recommendation from Bob than trying to rush to a
20 decision.

21 COMMISSIONER KEESE: Thank you. And I
22 would comment that it's my sense that the ears are
23 opened at the PUC now regarding this situation,
24 and we may well have an opportunity to have a
25 successful conclusion with it. I would concur

1 with your opinion.

2 MR. THERKELSEN: The last thing that I
3 had, you appointed me to this position over a year
4 ago, and one of the criticisms of my predecessor,
5 and one of the burdens that was placed upon me by
6 one of the Commissioners, Commissioner Boyd in
7 particular, was the fact that he wanted some
8 additional color in the building.

9 And we have been unsuccessful getting
10 Department of General Services to repaint the
11 building or do anything like that, but we finally
12 got approval last week to put velcro strips on the
13 walls, so that we can put some pictures on the
14 walls to add some color.

15 So in the course of the year that is one
16 accomplishment that I will take credit for.

17 COMMISSIONER KEESE: Thank you.

18 COMMISSIONER BOYD: Congratulations.

19 COMMISSIONER KEESE: And I again
20 congratulate you for the color that you have
21 introduced to this room. Seeing this artwork is a
22 pleasure.

23 Public Adviser's Report?

24 MS. KIM: I have nothing.

25 COMMISSIONER KEESE: Public comment?

1 Seeing none, this meeting is adjourned.

2 Thank you.

3 (Thereupon, the Meeting ended at 10:41 a.m.)

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I, PETER PETTY, an Electronic Reporter,
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said meeting.

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